



STATE OF NEW JERSEY
Board of Public Utilities
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CLEAN ENERGY

IN THE MATTER OF THE CLEAN ENERGY PROGRAMS) ORDER
AND BUDGET FOR FISCAL YEAR 2016 – FISCAL YEAR)
2016 SECOND REVISED BUDGET) DOCKET NO. QO15040477

Parties of Record:

- Maurice Kaiser**, Honeywell Utility Solutions
- Diane Zukas**, TRC Energy Services
- Michael Ambrosio**, Applied Energy Group
- Mark Mader**, Jersey Central Power & Light
- Timothy White**, Atlantic City Electric
- Sandra Eason-Perez**, Orange & Rockland Utilities
- Bruce Grossman**, South Jersey Gas Company
- Susan Ringhof**, Public Service Electric and Gas Company
- Andrew K. Dembia, Esq.**, New Jersey Natural Gas
- Mary Patricia Keefe, Esq.**, Elizabethtown Gas
- Stefanie A. Brand, Esq.**, Director, Division of Rate Counsel

BY THE BOARD:

This Order memorializes action taken by the Board of Public Utilities ("Board") at its January 27, 2016 public meeting, where the Board considered certain revisions to the Fiscal Year 2016 ("FY16") budget for New Jersey's Clean Energy Program.¹

BACKGROUND AND PROCEDURAL HISTORY

In accordance with the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. ("EDECA"), and by Order dated June 25, 2015 ("FY16 Budget Order"), Docket No. QO15040477, the Board approved FY16 programs and budgets for the New Jersey's Clean Energy Program, ("NJCEP"). In the FY16 Budget Order, the Board also approved the FY16 compliance filings of Honeywell International, Inc. ("Honeywell"), which manages the Residential Energy Efficiency (EE) and Renewable Energy (RE) programs, TRC Energy Solutions, Inc. ("TRC"), which manages the commercial and industrial ("C&I") EE programs, the

¹ The budgets approved in this Order are subject to State appropriations law.

Office of Clean Energy ("OCE"), which includes the programs managed by the OCE and the New Jersey Economic Development Authority ("EDA"), and the electric and gas utilities (collectively referred to as "the Utilities"), which administer the low-income Comfort Partners program.² The compliance filings included program descriptions and detailed budgets for each program.

By Order dated November 16, 2015, the Board approved revisions to the FY16 NJCEP budget to reflect a true up of actual and estimated FY15 expenses and commitments, as well as a true up of certain actual and estimated FY15 funding. The FY16 NJCEP Budget, as revised according to the foregoing, is referred to as the "True-Up Budget" in the tables under the following Proposed FY16 Budget Revisions subheading. In this Order the Board will consider additional modifications to the NJCEP budget.

STAFF-AUTHORIZED REVISIONS TO THE FY16 BUDGET

By Order dated February 4, 2014 (the "Delegation Order"), the Board delegated limited authority to Staff to modify NJCEP budgets on the conditions set out in the Order. In relevant part, the Delegation Order authorized Staff to revise NJCEP budgets within a given Funding Category (such as Energy Efficiency ("EE") or Renewable Energy ("RE")) so long as such revision would not reduce a program's budget by more than 10% and so long as the Commissioners and the public are provided with at least seven (7) days' notice to comment.

In accordance with the Delegation Order, Staff provided the requisite notice related to proposed revisions to the FY16 Renewable Energy Incentive Program ("REIP") budget set out below. No comments were received. On November 2, 2015 Staff approved these budget revisions. In accordance with the Delegation Order, these Staff-authorized budget revisions are reported immediately below:

| STAFF AUTHORIZED REVISIONS TO THE FY16 BUDGET | | | | | |
|--|----------------------------|---|---|---|--------------------|
| Description | FY 2016 REIP Budget | Administration, IT and Program Development | Rebates, Grants, and Other Direct Incentives | Rebate Processing, Inspections and Other Quality Control | % of Budget |
| Current REIP Budget | \$19,864,472.81 | \$1,376,206.92 | \$17,133,821.93 | \$1,354,443.96 | |
| Proposed Transfer | \$0.00 | \$0.00 | -\$1,491,112.72 | \$1,491,112.72 | 8.70% |
| Revised REIP Budget | \$19,864,472.81 | \$1,376,206.92 | \$15,642,709.21 | \$2,845,556.68 | |

² The new Program Administrator contract was awarded on December 1, 2015 to AEG. A transition plan will be implemented to transition program administrator responsibilities from the incumbent market managers to AEG and its team of subcontractors.

PROPOSED FY16 BUDGET REVISIONS

Several programs have experienced higher than anticipated participation levels since the beginning of the 2016 fiscal year ("FY"). The following summarizes Staff's proposed revisions to the FY16 budget to address the higher participation levels (the "Proposed Revisions").

CHP-Fuel Cell Program

On December 11, 2015, the Board issued a notice that the NJCEP will temporarily cease accepting applications for the CHP-Fuel Cells program. Prior to issuance of this notice, the program received a large number of applications such that the applications in the pipeline, if approved, would exceed the available budget by \$19,779,782.69. Staff proposed that this amount be allocated to the CHP-Fuel Cells program budget, which allocation would provide sufficient funds to consider all of the applications submitted prior to December 11, 2015.

Staff further proposed that the \$19,779,782.69 for the CHP-Fuel Cells program be allocated from the following programs:

- \$3,000,000 from REIP. The proposed transfer of \$3,000,000 from the REIP incentive budget is not expected to have a substantial impact on the renewable energy program offerings for FY16. Several bio-power and renewable electric storage projects have been cancelled by the applicants, thus freeing up some portion of previously committed funds.
- \$3,168,000 from the EDA large CHP program. These funds are no longer required due to project cancellations.
- \$2,000,000 from the EDA Green Growth Fund. This would leave approximately \$3,768,000 for new commitments in this program which has experienced lower than anticipated participation rates.
- \$500,000 from the Rutgers CEEEP budget. CEEEP has not expended its full budget in past years so these funds are no longer required.
- \$2,111,782.69 from the funds for the anticipated new Marketing contract. Although Staff remains committed to increasing marketing, the marketing contract is, as a result of procurement delays, expected to be awarded in the fourth quarter of FY16. Sufficient funds remain in the FY16 budget to allow for the marketing project to be awarded and start work in FY16, with the remainder of the contract funded in future fiscal years.
- \$9,000,000 from Energy Resilience Projects. The continued efforts of the Energy Resilience Bank and other State infrastructure reinforcement programs decreases the likelihood of these funds being required to support any projects that would be completed by the end of this fiscal year. Sufficient funds remain in the FY16 budget for anticipated expenses in the second half of FY16.

Commercial and Industrial (C&I) Energy Efficiency Programs

Pay-for-Performance New Construction (P4P NC): The program currently has Energy Reduction Plans in the pipeline that total just over \$7,500,000 and an available incentive budget of \$5,166,512.51. Staff proposed that an additional \$2,000,000 be added to the rebate component of the budget to cover the applications that are anticipated to be approved before the end of FY16. Staff further proposed that the \$2,000,000 for P4P NC be allocated from uncommitted funds in the Direct Install program. Direct Install continues to complete projects that have been previously committed but has not been accepting new commitments in anticipation of the Program Administrator contract transition. With this transfer of \$2,000,000 and the \$3,000,000 transfer proposed for the C&I Retrofit program (below), the Direct Install would retain approximately \$9,000,000 in uncommitted funds that will be available for the program for the remainder of FY16.

C&I Retrofit: The program has a pipeline of pending applications in the amount of \$5,401,873 and an available incentive budget of \$6,328,766. Staff proposed that an additional \$3,000,000 be added to the rebate component of the budget to cover the current estimated incentive pipeline, as well as any new applications that may come in before the end of FY16 based on current program participation levels. Staff further proposed that the \$3,000,000 for C&I Retrofit be allocated from uncommitted funds in the Direct Install program for the reasons set forth under P4P NC above.

NJCEP Administration

As described below, Staff proposed to add a total of \$2,173,282.75 to the NJCEP Administration budget. Staff has further proposed these funds be allocated from the anticipated New Marketing Contract budget. Although Staff remains committed to increasing marketing, the marketing contract is, as a result of procurement delays, expected to be awarded in the fourth quarter of FY16. Sufficient funds remain in the FY16 budget to allow for the marketing contract to be awarded and start work in FY16, with the remainder of the contract funded in future fiscal years.

- **Program Coordinator:** The initial FY16 budget approved by the Board included sufficient funding for the Program Coordinator through December 31, 2015, which was the anticipated expiration date of the contract. The contract has since been extended through March 31, 2016. Staff has proposed that \$300,000 in additional funding is needed and sufficient to cover anticipated costs for the proposed three-month extension.
- **Program Transition:** The True Up budget approved by the Board on November 16, 2015, included \$1,157,694.04 for Program Transition services and noted that this amount would need to be increased once transition costs were known. The Program Administrator contract was awarded on December 1, 2015, and Staff has proposed that an additional funding of \$1,873,282.75 is needed and sufficient to cover the transition costs included in the new Program Administrator contract.

Comfort Partners Program

PSE&G, on behalf of the Utilities, notified Staff that it is requesting transfers of funds among the Utilities and among certain budget categories. This request is primarily driven by the Comfort Partners ("CP") program experiencing a higher than expected need for gas related measures which created the need to shift funding among Utilities. The purpose of this request is to align current work projections for each Utility to the available Program budget. This budgetary re-alignment is to ensure that none of the Utilities exceed a particular budget category across their individual allocations. The overall budget for the CP program remains unchanged. The specific budget revisions for the CP program are set out in a table below.

The proposed budget modifications and the resulting revised budgets are shown in the following tables.

2nd Revised FY16 Budget

| | True Up Budget | Line Item Transfers | Revised FY16 Budget |
|--|-------------------------|-----------------------|-------------------------|
| | (a) | (b) | (c) = (a)+(b) |
| Energy Efficiency Programs | \$282,101,624.09 | \$0.00 | \$282,101,624.09 |
| CHP-Fuel Cells | \$21,778,704.42 | \$19,779,782.69 | \$41,558,487.11 |
| Renewable Energy Programs | \$20,314,906.22 | (\$3,000,000.00) | \$17,314,906.22 |
| EDA Programs | \$19,539,784.71 | (\$5,168,000.00) | \$14,371,784.71 |
| NJCEP Administration | \$17,223,999.85 | (\$2,611,782.69) | \$14,612,217.16 |
| TRUE Grant | \$3,000,000.00 | \$0.00 | \$3,000,000.00 |
| Total NJCEP | \$363,959,019.29 | \$9,000,000.00 | \$372,959,019.29 |
| State energy initiatives and utility costs | \$118,289,000.00 | | \$118,289,000.00 |
| Energy Resilience Projects | \$10,000,000.00 | (\$9,000,000.00) | \$1,000,000.00 |
| Total | \$492,248,019.28 | \$0.00 | \$492,248,019.29 |

2nd Revised FY16 Energy Efficiency and CHP-FC Program Budget

| | True Up Budget | Line Item Transfers | Revised FY16 Budget |
|--------------------------------------|-------------------------|---------------------|-------------------------|
| Programs | (a) | (b) | (c) = (a)+(b) |
| Residential EE Programs | | | |
| Residential HVAC - Electric & Gas | \$13,187,678.81 | | \$13,187,678.81 |
| Residential New Construction | \$15,832,692.95 | | \$15,832,692.95 |
| Energy Efficient Products | \$19,449,665.72 | | \$19,449,665.72 |
| Home Performance with Energy Star | \$37,038,090.33 | | \$37,038,090.33 |
| Residential Marketing | \$1,249,033.75 | | \$1,249,033.75 |
| Sub Total Residential | \$86,757,161.56 | \$0.00 | \$86,757,161.56 |
| Residential Low Income | | | |
| Comfort Partners | \$30,000,000.00 | | \$30,000,000.00 |
| C&I EE Programs | | | |
| C&I New Construction | \$2,966,229.94 | | \$2,966,229.94 |
| C&I Retrofit | \$51,970,880.80 | \$3,000,000.00 | \$54,970,880.80 |
| Pay-for-Performance New Construction | \$16,140,835.90 | \$2,000,000.00 | \$18,140,835.90 |
| Pay-for-Performance | \$34,771,374.30 | | \$34,771,374.30 |
| Local Government Energy Audit | \$3,232,012.50 | | \$3,232,012.50 |
| Direct Install | \$37,661,579.73 | (\$5,000,000.00) | \$32,661,579.73 |
| Marketing | \$1,075,000.00 | | \$1,075,000.00 |
| Large Energy Users Program | \$17,526,549.36 | | \$17,526,549.36 |
| Sub Total C&I | \$165,344,462.53 | \$0.00 | \$165,344,462.53 |
| Total Energy Efficiency | \$282,101,624.09 | \$0.00 | \$282,101,624.09 |

CHP-Fuel Cell Program

| | | | |
|-----------------------|-----------------|-----------------|-----------------|
| CHP-Fuel Cell Program | \$21,778,704.42 | \$19,779,782.69 | \$41,558,487.11 |
|-----------------------|-----------------|-----------------|-----------------|

2nd Revised FY16 Renewable Energy Program Budget

| | True Up Budget | Line Item Transfers | Revised FY16 Budget |
|------------------------------------|------------------------|-------------------------|------------------------|
| Programs | (a) | (b) | (c) = (a)+(b) |
| Offshore Wind | \$450,433.41 | | \$450,433.41 |
| Renewable Energy Incentive Program | \$19,864,472.81 | (\$3,000,000.00) | \$16,864,472.81 |
| SUB-TOTAL Renewables | \$20,314,906.22 | (\$3,000,000.00) | \$17,314,906.22 |

2nd Revised FY16 EDA Program Budget

| | True Up Budget | Line Item Transfers | Revised FY16 Budget |
|-------------------------------------|------------------------|-------------------------|------------------------|
| Programs | (a) | (b) | (c) = (a)+(b) |
| EDA PROGRAMS | | | |
| Clean Energy Manufacturing Fund | \$6,579,560.26 | | \$6,579,560.26 |
| Edison Innovation Green Growth Fund | \$5,768,544.45 | (\$2,000,000.00) | \$3,768,544.45 |
| Large CHP Solicitation | \$7,191,680.00 | (\$3,168,000.00) | \$4,023,680.00 |
| Total EDA Programs | \$19,539,784.71 | (\$5,168,000.00) | \$14,371,784.71 |

Revised FY16 NJCEP Administration Budget

| | True Up Budget | Line Item Transfers | Revised FY16 Budget |
|---|------------------------|-------------------------|------------------------|
| | (a) | (b) | (c) = (a)+(b) |
| Administration and Overhead | | | |
| OCE Staff and Overhead | \$2,400,000.00 | | \$2,400,000.00 |
| Program Coordinator | \$1,020,995.51 | \$300,000.00 | \$1,320,995.51 |
| Sub-Total: Administration and Overhead | \$3,420,995.51 | \$300,000.00 | \$3,720,995.51 |
| Memberships-Dues | | | |
| <i>FY15 Sponsorships</i> | \$10,000.00 | | \$10,000.00 |
| Sub-Total: Memberships-Dues | \$10,000.00 | \$0.00 | \$10,000.00 |
| Evaluation and Related Research | | | |
| <i>Rutgers-CEEEP</i> | \$2,252,478.12 | (\$500,000.00) | \$1,752,478.12 |
| <i>Program Evaluation</i> | \$2,988,412.00 | | \$2,988,412.00 |
| Sub-Total: Evaluation and Related Research | \$5,240,890.12 | (\$500,000.00) | \$4,740,890.12 |
| Miscellaneous | | | |
| <i>Clean Energy Business Web Site</i> | \$92,488.14 | | \$92,488.14 |
| <i>Rutgers LESS</i> | \$150,000.00 | | \$150,000.00 |
| <i>NJIT Clean Energy Learning Center</i> | \$375,000.00 | | \$375,000.00 |
| <i>Sustainable Jersey</i> | \$776,932.04 | | \$776,932.04 |
| Sub-Total: Miscellaneous | \$1,394,420.18 | \$0.00 | \$1,394,420.18 |
| New Marketing Contract | \$6,000,000.00 | (\$4,285,065.44) | \$1,714,934.56 |
| Program Transition | \$1,157,694.04 | \$1,873,282.75 | \$3,030,976.79 |
| TOTAL: NJCEP Administration | \$17,223,999.85 | (\$2,611,782.69) | \$14,612,217.16 |
| True Grant | \$3,000,000.00 | | \$3,000,000.00 |

Proposed Revisions to the Comfort Partners Program

| July 1st 2015 - June 30th 2016 CP Budget (Approved by the Board by Order dated 6/25/15) | | | | | | | | |
|---|-----------------|-------------------------------|--|--------------|---|--|-----------------------|-----------------------------|
| | | Admin and Program Development | Sales, Marketing, Call Centers, Web Site | Training | Rebates, Grants and Other Direct Incentives | Rebate Processing, Inspections, Other QC | Evaluation & Research | Contractor Perf. Incentives |
| ACE | \$1,370,791.14 | \$95,442.63 | \$14,201.90 | \$13,962.48 | \$1,167,321.88 | \$79,862.25 | \$0.00 | \$0.00 |
| JCP&L | \$3,787,858.00 | \$343,733.84 | \$74,709.21 | \$35,354.58 | \$3,066,128.48 | \$267,931.89 | \$0.00 | \$0.00 |
| PSE&G- Elec | \$6,551,946.24 | \$397,008.87 | \$168,883.38 | \$68,092.00 | \$5,618,759.33 | \$299,202.86 | \$0.00 | \$0.00 |
| RECO | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| NJNG | \$3,942,216.15 | \$227,397.78 | \$206,577.43 | \$40,757.71 | \$3,329,709.68 | \$137,773.55 | \$0.00 | \$0.00 |
| Elizabethtown | \$2,503,064.09 | \$130,706.32 | \$44,886.28 | \$35,873.28 | \$2,177,664.00 | \$113,934.21 | \$0.00 | \$0.00 |
| PSE&G-Gas | \$9,827,919.36 | \$595,513.00 | \$253,325.08 | \$102,138.00 | \$8,428,138.99 | \$448,804.29 | \$0.00 | \$0.00 |
| SJG | \$2,016,205.02 | \$202,993.63 | \$52,363.06 | \$52,612.41 | \$1,543,394.74 | \$164,841.18 | \$0.00 | \$0.00 |
| | | \$1,992,795.87 | \$814,946.34 | \$348,790.46 | \$25,331,117.10 | \$1,512,350.23 | \$0.00 | \$0.00 |
| PSE&G - Combined | \$16,379,865.60 | \$992,521.87 | \$422,208.46 | \$170,230.00 | \$14,046,898.32 | \$748,007.15 | \$0.00 | \$0.00 |

| July 1st 2015 - June 30th 2016 CP Budget (Proposed 12-7-2015) | | | | | | | | |
|---|-----------------|-------------------------------|--|--------------|---|--|-----------------------|-----------------------------|
| | | Admin and Program Development | Sales, Marketing, Call Centers, Web Site | Training | Rebates, Grants and Other Direct Incentives | Rebate Processing, Inspections, Other QC | Evaluation & Research | Contractor Perf. Incentives |
| ACE | \$1,370,791.14 | \$95,442.63 | \$17,621.99 | \$17,621.99 | \$1,167,321.88 | \$72,782.65 | \$0.00 | \$0.00 |
| JCP&L | \$3,247,858.00 | \$341,833.84 | \$70,409.21 | \$30,654.58 | \$2,566,128.48 | \$238,831.89 | \$0.00 | \$0.00 |
| PSE&G- Elec | \$6,379,146.24 | \$394,608.87 | \$167,883.38 | \$68,492.00 | \$5,458,759.33 | \$289,402.86 | \$0.00 | \$0.00 |
| RECO | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| NJNG | \$4,482,216.15 | \$233,397.78 | \$212,577.43 | \$46,757.71 | \$3,785,276.00 | \$204,207.23 | \$0.00 | \$0.00 |
| Elizabethtown | \$2,395,064.09 | \$129,706.32 | \$43,886.28 | \$34,873.28 | \$2,077,664.00 | \$108,934.21 | \$0.00 | \$0.00 |
| PSE&G-Gas | \$9,568,719.36 | \$591,913.00 | \$251,825.08 | \$102,738.00 | \$8,188,138.99 | \$434,104.29 | \$0.00 | \$0.00 |
| SJG | \$2,556,205.02 | \$214,793.83 | \$47,363.06 | \$44,412.41 | \$2,043,394.74 | \$206,241.18 | \$0.00 | \$0.00 |
| | | \$2,001,695.87 | \$811,566.43 | \$345,549.97 | \$25,286,683.42 | \$1,554,504.31 | \$0.00 | \$0.00 |
| PSE&G - Combined | \$15,947,865.60 | \$986,521.67 | \$419,708.46 | \$171,230.00 | \$13,646,898.32 | \$723,507.15 | \$0.00 | \$0.00 |

| (\$) Difference Between Current & Proposed | | | | | | | | |
|--|----------------|-------------------------------|--|--------------|---|--|-----------------------|-----------------------------|
| | | Admin and Program Development | Sales, Marketing, Call Centers, Web Site | Training | Rebates, Grants and Other Direct Incentives | Rebate Processing, Inspections, Other QC | Evaluation & Research | Contractor Perf. Incentives |
| ACE | (\$0.00) | \$0.00 | \$3,420.09 | \$3,659.51 | \$0.00 | (\$7,079.60) | \$0.00 | \$0.00 |
| JCP&L | (\$540,000.00) | (\$1,900.00) | (\$4,300.00) | (\$4,700.00) | (\$500,000.00) | (\$29,100.00) | \$0.00 | \$0.00 |
| PSE&G- Elec | (\$172,300.00) | (\$2,400.00) | (\$1,000.00) | \$400.00 | (\$160,000.00) | (\$9,800.00) | \$0.00 | \$0.00 |
| RECO | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| NJNG | \$540,000.00 | \$6,000.00 | \$6,000.00 | \$6,000.00 | \$455,566.32 | \$66,433.88 | \$0.00 | \$0.00 |
| Elizabethtown | (\$108,000.00) | (\$1,000.00) | (\$1,000.00) | (\$1,000.00) | (\$100,000.00) | (\$5,000.00) | \$0.00 | \$0.00 |
| PSE&G-Gas | (\$259,200.00) | (\$3,600.00) | (\$1,500.00) | \$600.00 | (\$240,000.00) | (\$14,700.00) | \$0.00 | \$0.00 |
| SJG | \$540,000.00 | \$11,800.00 | (\$5,000.00) | (\$8,200.00) | \$500,000.00 | \$41,400.00 | \$0.00 | \$0.00 |
| | (\$0.00) | \$8,900.00 | (\$3,379.91) | (\$3,240.49) | (\$44,433.68) | \$42,154.08 | \$0.00 | \$0.00 |
| PSE&G - Combined | (\$342,000.00) | (\$6,000.00) | (\$2,500.00) | \$1,000.00 | (\$400,000.00) | (\$24,500.00) | \$0.00 | \$0.00 |

On December 28, 2015, Staff provided the public with notice of and the opportunity to comment on the Proposed Revisions discussed above. On that day, the Proposed Revisions were also circulated to the EE Committee and RE Committee listservs and posted on the NJCEP website. Comments were due by January 11, 2016. The Proposed Revisions were also discussed at the January 5, 2016 meeting of the EE Committee and at the January 12, 2016 meeting of the RE Committee.

SUMMARY OF COMMENTS FROM PUBLIC STAKEHOLDERS AND STAFF RESPONSES

Written Comments were submitted by: ReVirio; Bijou Properties; Bloom Energy Corporation; Doosan Fuel Cell America; Sustainable Solutions Corporation; Unison Energy; New Jersey Natural Gas Company; and Greener by Design.

The following summarizes the comments received on the Proposed Revisions and provides Staff's responses to same:

Comment: ReVirio submitted comments supporting the increase in funding for P4P NC Program and the Residential New Construction Program, and recommending that any transfers away from any program should be from a program that services local governments or residents, not businesses, because the former can usually afford to wait to receive funding while the latter usually cannot and will not wait.

Response: Staff appreciates the support regarding the proposed transfer of funds to the P4P NC and RNC programs. Regarding the appropriate source for budget transfers, Staff does not agree that residents and local governments are more likely or able to delay projects than are businesses, and it accordingly disagrees with the suggestion that programs serving residents and local governments should generally be the source of any budget transfers. Instead, Staff continues to believe that it is appropriate to consider a wide range of factors in connection with potential budget transfers, particularly a review of programs that experience lower than anticipated participation levels.

Comment: Bijou Properties submitted comments requesting that there be advance notice of the impending close of a program so that potential applicants can avoid the time and expense of preparing an application for the program only to find out that it has been closed.

Response: Staff generally concurs with this recommendation and strives to provide adequate public notice prior to enacting any program changes. However, on rare occasions, extenuating circumstances may occur where it is necessary to temporarily suspend a program without providing advance notice. In the case of the CHP-FC program, the NJCEP received, in the first quarter of FY16, more applications than had been received in any of the three previous fiscal years. This unexpected rush of applications resulted in the number of pending applications exceeding the budget by almost \$20 million. This created the need to evaluate potential program changes that would enable the NJCEP to manage the program to remain within budget going forward and to cease accepting new applications while potential program modifications are being considered.

Comment: Greener by Design submitted comments indicating that it represents organizations such as renewable energy manufacturers, installers, developers, and end-use customers and that there should be more certainty regarding the funding for the CHP-Fuel Cells program. More specifically, it suggests that \$18,000,000 in reportedly "unutilized" FY15 CHP-Fuel Cells funding be used to fund the CHP-Fuel Cells program and microgrids for the remainder of FY16.

Response: Staff agrees that there should be as much certainty as practicable in all NJCEP programs and that the CHP-Fuel Cells program is important and deserving of appropriate funding. However, as set forth in the above response, NJCEP received an unexpected rush of CHP-Fuel Cells applications in the early part of FY16. Through the current budget revisions, steps are being taken to mitigate the impact of the number of applications received to date. Staff is also considering proposing further program modifications that would provide sufficient incentives for the CHP-Fuel Cells program while at the same time retaining sufficient incentives in other programs. Staff anticipates the release of proposed program modifications and additional CHP-Fuel Cell budget modifications in the near future and that, consistent with Board policy, there will be opportunity for public comment on Staff's proposed program modifications prior to consideration by the Board. Staff notes that there is not an additional "unutilized" \$18,000,000 currently available for use for CHP-Fuel Cells. Instead, all funds unutilized in FY15 have already been accounted for in the current FY16 budget.

Comment: Sustainable Solutions Corporation submitted comments indicating that it is working on many P4P NC program Proposed Energy Reduction Plans for its clients and that it anticipates more new projects will be coming up as more and more building developers and owners are driving towards energy efficiency and sustainability. Hence, it supports the proposed addition of \$2,000,000 to the rebate component of the Pay-for-Performance New Construction program budget.

Bloom Energy Corporation submitted comments indicating that it is an active participant in the CHP-Fuel Cells program and that it appreciates the additional funding allocated to that program, especially in light of the additional projects poised for submission to the program and the U.S. Congress's decision not to extend beyond 2016 the tax credit related to these projects.

Doosan Fuel Cell America, Inc. submitted comments indicating that it is a provider of stationary fuel cell energy systems and that those systems contribute towards reducing greenhouse gas emissions, reducing peak loads, and improving the reliability of electric systems. It further states that it is working with numerous potential customers of those systems and supports the reallocation of additional funds to the CHP-Fuel Cells program.

Unison Energy submitted comments indicating that it installs, owns, and operates commercial CHP solutions and that it supports the Proposed Revisions.

New Jersey Natural Gas submitted comments indicating that it supports the Proposed Revisions, especially those regarding the CP and Direct Install programs.

Response: Staff appreciates the support for the proposed budget modifications noted above.

STAFF RECOMMENDATIONS

As described above, Staff has considered the written comments and committee discussions regarding the Proposed Revisions.

Over the past several years, Staff has attempted to better align program budgets with realistic projections of the level of funds that can be expended or committed in a FY. The intent is to minimize the funds collected from ratepayers and the resultant rate impacts.

Program participation levels are a function of several factors such as the state of the economy, weather, etc. Staff has encouraged the practice of transferring funds from programs that are under budget due to lower than anticipated participation levels to programs with higher than anticipated participation levels. This practice minimizes the potential for funds to remain unspent or uncommitted at the end of the fiscal year.

The Proposed Revisions are projected to allow certain beneficial programs to remain open to new applicants through the remainder of the FY, or in the case of the CHP-FC program to allow for the processing of applications already submitted, without negatively impacting the programs from which funds are being transferred. Based on the above, Staff believes the Proposed Revisions are reasonable and appropriate recommends their approval.

DISCUSSION AND FINDINGS

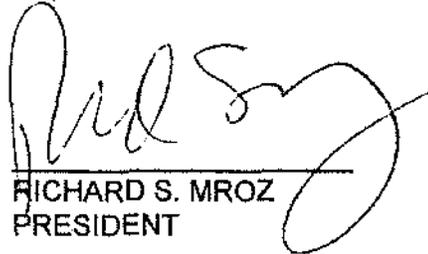
Consistent with the approved contracts with the Market Managers and the Program Coordinator, the OCE has coordinated with the Market Managers and the Program Coordinator regarding the Proposed Revisions. The OCE, in conjunction with these contractors, discussed the Proposed Revisions at the January 2016 public meetings of the EE and RE committees to receive comments and input. The Proposed Revisions to the NJCEP FY16 budget were circulated to the EE and RE committee listservs and posted on the NJCEP web site and written comments were accepted from the public. Accordingly, the Board **HEREBY FINDS** that the process utilized in developing the Proposed Revisions to the NJCEP FY16 budget was appropriate and provided stakeholders and interested members of the public adequate notice and the opportunity to comment on the proposed budgetary changes.

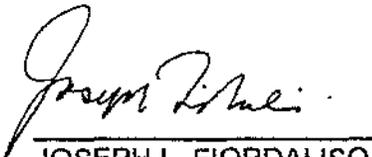
The Board has reviewed the Proposed Revisions and **FINDS** that the Proposed Revisions will benefit customers, are consistent with the Energy Master Plan goal of reducing energy usage and associated emissions and support the Board's objective of fully expending the NJCEP program budget. Therefore, the Board **HEREBY APPROVES** the revised FY16 NJCEP budget recommended by Staff and shown in the tables above. Consistent with this Order, the Board **DIRECTS** the Market Managers to update the detailed budgets in the Compliance Filings and submit them to Staff for review.

This order shall be effective on February 9, 2016.

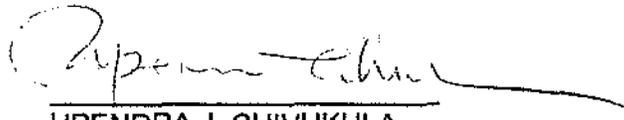
DATED: Feb 9, 2016

BOARD OF PUBLIC UTILITIES
BY:


RICHARD S. MROZ
PRESIDENT

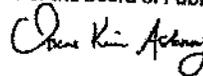

JOSEPH L. FIORDALISO
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 
IRENE KIM ASBURY
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities



FINAL VOTE ON AGENDA ITEM 8E, JANUARY 27, 2016

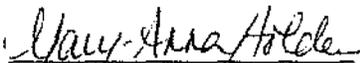
| | | |
|-------------------------|-----|----|
| Commissioner Fiordaliso | Yes | |
| Commissioner Holden | | No |
| Commissioner Solomon | Yes | |
| Commissioner Chivukula | Yes | |
| President Mroz | Yes | |

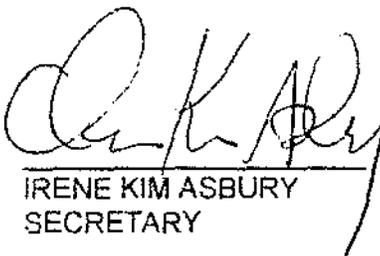
COMMISSIONER MARY-ANNA HOLDEN, DISSENTING:

I oppose this agenda item since it allows the transfer of nearly \$20 million to inefficient technology, as previously stated on the record.

The bulk of the projects "in the queue" for funding mirror the same inefficient technology utilized in the three projects just awarded \$3.5 million in subsidies by the majority of the Board.

I am particularly distressed that nearly half of the funds proposed to be moved was \$9,000,000 from Energy Resilience Projects (that was supposed to fund good resilience projects that "washed out" of the ERB due to ineligibility because they did not fall under HUD criteria) to fund inefficient fuel-cell projects that do not utilize their waste heat, and contribute nothing to resilience.


MARY-ANNA HOLDEN
COMMISSIONER

ATTEST: 
IRENE KIM ASBURY
SECRETARY

Date: Feb 9, 2016

IN THE MATTER OF THE CLEAN ENERGY PROGRAM AND
BUDGET FOR FISCAL YEAR 2016 (FY16) - FY16 2ND REVISED BUDGET
DOCKET NO. QO150040477

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